

**MINUTES OF THE
COMMERCE AND WORKFORCE SERVICES
APPROPRIATIONS SUBCOMMITTEE**
Room S210, Senate Building, State Capitol Complex
February 4, 2010

MEMBERS PRESENT: Sen. David Hinkins, Co-Chairman
Rep. Michael Morley, Co-Chairman
Sen. Karen Mayne
Rep. Susan Duckworth
Rep. Jim Dunnigan
Rep. Lynn Hemingway
Rep. Brian King
Rep. Ryan Wilcox

MEMBERS ABSENT: Rep. Jim Bird

STAFF PRESENT: Danny Schoenfeld, Fiscal Analyst
Karen Mitchell, Committee Secretary

Note: A list of handouts and visitors list will be filed with committee minutes

Co-Chair Rep. Morley called the meeting to order at 2:15 p.m.

Department of Alcoholic Beverage Control

Danny Schoenfeld, Fiscal Analyst, explained the funding level for the Department had remained level over the last few years and the FTEs remained consistent over the same period.

The Analyst further stated that, in addition to the transfer of liquor profits into the state's general fund, sales tax collected on liquor sales and monies earmarked for the school lunch program; they provide additional resources to state and local governments. The total retail square footage available has also increased as well as the total sales in the Department from 2004 to 2009.

The Budget Requests from the Analyst are, a bond payment of \$1,529,000, and a Package Agency increase for a new Package Agency in Utah County in the amount of \$161,000. The Budget Reductions are, 1.5% discretionary employee funding and part-time cashiers/stock clerk staffing in the amount of \$500,000.

The Department receives the majority of its revenue from the Liquor Control Fund with a total budget of \$29.4 million.

The Analyst explained that bond requirements and payments are approved by this committee. The Department is requesting \$1,529,000 in FY 2011 for the Cedar City, Utah County North, Washington City, Heber/Midway, and Utah County South stores. The Department also

anticipates \$8,492,000 for two new buildings in South Jordan and Salt Lake City East Side. An additional amount of \$457,000 for the operation and maintenance of existing stores is also being requested.

The Fiscal Analyst turned the time over to, Rich Amon, from the Office of the Legislative Fiscal Analyst. Mr. Amon explained to the committee how the Capitol Development selection takes place as it relates to the selection of the two requested buildings mentioned above. The funding for these stores comes in the category of non-state funds or other funds.

Mr. Amon responded to questions from the committee regarding the DABC's request for the two new stores and their impact on the state budget at this time.

The time was turned over to Dennis Kellen, Executive Director of DABC, assisted by John Freeman, Deputy Director. Mr. Kellen introduced Leonard Langford, Director of Finance and David Willis, Director of Data Processing. The Director responded to the Analyst's recommendations. He also explained that the Department had sales increases of 3.5% which equates to 6% increase in bottle sales, stating that less expensive products are being sold but the volume of sales has increased. He explained that DABC is trying to keep up with consumer demands with the building of new stores.

Mr. Kellen and Mr. Freeman responded to questions from the committee regarding operating hours and days open for the various stores and their location in the state. They explained that the hours open are regulated by the State Liquor Commission. The impact of reduction of part-time staff was also discussed.

Mr. Freeman provided the committee with a slide presentation showing pictures of the newly opened state stores and the fiscal impact they are making in the various locations. A handout was also provided.

Mr. Kellen proceeded to explain the effect of the recent budget cuts on the Parents Empowerd program which he stated is known internationally for it's impact but because of these cuts is currently shelved.

Mr. Freeman assisted by Mr. Langford presented a power point presentation showing the fiscal impact of DABC. After their presentation Mr. Freeman responded to questions from the committee regarding the types of cuts in their budget they could accept. Mr. Kellen stated that they were not prepared at the time to make priority in budget cuts recommendations but would notify the Committee Chairs within the next few days.

Department of Workforce Services

The Analyst stated that the Department of Workforce Services has a budget of \$1.1 billion which includes two trusts funds: Unemployment Insurance and Food Stamps. The budget history indicates that it has been steadily rising with a minor dip in 2009. The FTE has remained steady since 2007.

The Fiscal Analyst recommends that the single line item be broken into several line items: Family Employment Program, Child Care, Food Stamps, Employment and Training, Workforce Investment Act, Medical Programs, All Other Programs, General Assistance, Unemployment Insurance and Information, and Development Division. During FY 2011 it is anticipated that the Department will continue to operate the majority of their programs through the single line item with the breakout coming at the beginning in FY 2012.

The Analyst recommends that the committee consider taking a 5% equivalent reduction from the General Fund Restricted-Special Administrative Expense Account of \$3.3 million for FY 2011. This would enable the Department to maintain its current Maintenance of Efforts requirements for the TANF, Food Stamps, and Child Care Program and funding for the General Assistance.

The Intent Language was also discussed. The Department has also requested the use of \$1,000,000 of Reed Acting funding from the Unemployment Insurance Trust Fund. The Legislature recommends keeping these funds within the Unemployment Insurance Trust for future computer modernization. The Analyst recommended not using Reed Acts for re-employment of individuals.

The Analyst responded to questions from the committee regarding the use of TANF and MOE funds which would allow for the Department to cover implemented budget cuts.

Rep. Morley turned the time over to Kristen Cox, Executive Director of Workforce Services, with the assistance of Bill Greer, Chief Financial Officer. Handouts were provided to the committee. Ms. Cox reviewed the past performance of Workforce Services relating to case loads and budget cuts. A power point presentation and discussion followed. During her presentation, Ms. Cox responded to questions from the committee.

Bill Starks, Unemployment Director Workforce Services, further emphasized the Departments request to use Reed Acting funds for re-employment of individuals. Mr. Starks and Ms. Cox responded to questions from the committee concerning withdrawing monies from the trust funds to replace monies lost due to the budget cuts.

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Comments from the public: Tim Funk, Crossroads Urban Center
Jenn Hyvonen, Fourth Street Clinic
Melissa Smith, Community Action
Karen Silver, Salt Lake Community Action Program
Jim Olsen, Utah Food Industry

MOTION: Sen. Mayne moved to adjourn. The motion passed unanimously.

Rep. Morley adjourned the meeting at 4:50 p.m.

Sen. David Hinkins, Co-Chair

Rep. Michael Morley, Co-Chair